

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2341-01
BILL NO.: HB 1201
SUBJECT: Medical Insurance: Health Care
TYPE: Original
DATE: January 25, 2000

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	\$0 to (\$79,499)	\$0 to (\$79,499)	\$0 to (\$79,499)
Total Estimated Net Effect on <u>All</u> State Funds	\$0 TO (\$79,499)	\$0 TO (\$79,499)	\$0 TO (\$79,499)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Federal	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds*	\$0	\$0	\$0

***Revenues and expenditures could exceed \$100,000 annually and net to \$0.**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Conservation** and the **Department of Health** assume this proposal would not fiscally impact their agencies.

Department of Insurance (INS) officials anticipate that current appropriations and staff would be able to absorb the work for implementation of this proposal. INS states that if additional proposals would be approved during the legislative session they may need to request an increase in appropriation due to the combined effect of multiple proposals. INS assumes there are 259 health insurers and 30 health maintenance organizations that offer health insurance coverage. INS states that of the health insurers, many offer coverage through out-of-state trusts which are not typically subject to such mandates. INS estimates that 171 health insurers and 30 health maintenance organizations would submit one policy form amendment resulting in revenues of \$10,050 for the Insurance Dedicated Fund to comply with this proposal.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state this benefit would add some cost to the plans that could be deferred from the costs to HCP in its rates. HCP assumes that it expected that this amount would be minimal.

Department of Social Services - Division of Medical Services (DMS) officials state they provide a commercial-type benefit package to a group of adults covered under the 1115 Wavier. DMS states this group (68,000) would be subject to the provisions of this proposal. DMS states it is estimated that one percent of the U. S. population have experienced alopecia areata/totalis. DMS states it is unknown how many people with alopecia would want hair prostheses. DMS states that scalp hair prostheses can range from \$100 to \$3,000 depending on the use of synthetics or the use of human hair. DMS assumes a range of \$100 to \$300 for this benefit. DMS estimates a fiscal impact of \$68,000 to \$204,000 ($68,000 \times 1\% = 680 \text{ patients} \times \$100 \text{ to } \$300 = \$68,000 \text{ to } \$204,000$). DMS states that health plans would pass this cost on to the Medicaid program in the form of increased capitated payments for MC+ recipients.

Officials from the **Department of Transportation (DHT)** assume costs would impact the Highway and Patrol Medical Plan only if the department would decide to increase the state share contribution by the amount needed to fund this proposal. DHT states their plan would be required to provide coverage for hair loss which is caused by chemotherapy and radiation treatments for cancer and other like disorders. DHT assumes it is not for male pattern baldness (just the loss of hair). DHT assumes the cost of the treatment would vary depending on the type of device used with the average price for a wig being approximately \$200. DHT assumes this proposal would impact five percent of its members and that everyone would have met their deductible. DHT estimates that 513 participants ($10,264 \text{ eligible participants} \times 5\%$) would

participate as a result of this proposal with a cost of \$102,600.

Department of Public Safety - Missouri State Highway Patrol (MHP) officials assume the coverage would be for baldness caused by a disorder such as chemo and radiation treatments for cancer and other like disorders, and not for male pattern baldness. MHP states the Highway and Patrol Medical Plan does not currently cover these scalp hair prostheses so the proposal would have a fiscal impact on the plan. MHP estimates that five percent of eligible participants would be affected. MHP assumes an average of \$200 for a wig. MHP states they have 3,664 males and females in the plan not considering dependent children. MHP estimates that 184 participants (3,664 eligible participants x 5%) would participate. MHP assumes only one wig would be needed for a short period of time resulting in a fiscal impact of approximately \$36,800. MHP assumes that the medical plan would absorb this cost and the state would not have to increase its contribution for health insurance.

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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GENERAL REVENUE FUND

Costs - Department of Social Services			
Medical assistance payments	<u>\$0 to (\$79,499)</u>	<u>\$0 to (\$79,499)</u>	<u>\$0 to (\$79,499)</u>

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0 TO (\$79,499)</u>	<u>\$0 TO (\$79,499)</u>	<u>\$0 TO (\$79,499)</u>
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FEDERAL FUNDS

Income - Department of Social Services			
Medicaid reimbursements	\$0 to \$124,501	\$0 to \$124,501	\$0 to \$124,501

Costs - Department of Social Services			
Medical assistance payments	<u>\$0 to (\$124,501)</u>	<u>\$0 to (\$124,501)</u>	<u>\$0 to (\$124,501)</u>

ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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Small businesses would be expected to be fiscally impacted to the extent they would incur increased revenues as a result of this proposal.

DESCRIPTION

This proposal would require insurance companies to provide coverage for wigs, toupees, or other scalp hair prostheses worn because of alopecia areata or alopecia totalis.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health
Department of Insurance
Missouri Consolidated Health Care Plan
Department of Transportation
Department of Conservation
Department of Public Safety
Missouri State Highway Patrol
Department of Social Services

NOT RESPONDING: Department of Corrections

A handwritten signature in black ink, appearing to read "Jeanne Jarrett".

Jeanne Jarrett, CPA
Director
January 25, 2000